

## Message Text

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70

ORIGIN EB-02

INFO OCT-01 IO-02 ISO-00 /005 R

66011

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R 311446Z AUG 76

FM SECSTATE WASHDC

TO USMISSION GENEVA

UNCLAS STATE 215557

GENEVA FOR PHELAN

FOLLOWING REPEAT NEW DELHI 12454 ACTION SECSTATE DTD 25 AUG 76

QUOTE UNCLAS NEW DELHI 12454

E.O. 11652: N/A

TAGS: ETRD IN

SUBJECT: TEXTILES

REF: NEW DELHI 12454

FOLLOWING SENT ACTION HONG KONG AUG 25 IS REPEATED

QUOTE

FOR TEXTILE TEAM FROM BELLOCCHI

E.O. 11652: N/A

TAGS: ETRD IN

SUBJECT: TEXTILES

1. THE FOLLOWING ARTICLE APPEARED IN THE ECONOMIC TIMES  
OF INDIA ON AUGUST 25:

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2. "INDIA WILL TAKE UP THE ISSUE OF QUOTA RESTRICTIONS ON TEXTILES AT THE MULTI-FIBRES AGREEMENT DISCUSSIONS IN GENEVA NEXT YEAR. IT WILL OPPOSE RESTRAINTS ON EXPORTS INCONCERT WITH OTHER DEVELOPING COUNTRIES WHICH ARE FACING SIMILAR DIFFICULTIES AS THEIR CAPACITY FOR EXPORT EXCEEDS THE QUOTAS LAID DOWN BY THE DEVELOPING WORLD.

3. "ACCORDING TO AUTHORITATIVE SOURCES HERE, ALTHOUGH INDIA WOULD OPPOSE QUOTAS IN ALL CATEGORIES OF TEXTILES, SPECIAL ATTENTION WOULD BE PAID TO RESTRICTIONS IN IMPORT OF HANDLOOMS AND HANDLOOM GARMENTS. UNDER THE MULTI-FIBRES AGREEMENT WHICH WAS CONCLUDED IN 1973 AND IS DUE TO BE RENEWED NEXT YEAR, NO QUOTA RESTRICTIONS CAN BE IMPOSED ON IMPORTS OF HANDLOOMS. HOWEVER, THE TERM "HANDLOOM HAS NOT BEEN ADEQUATELY DEFINED UNDER THE AGREEMENT AND LENDS ITSELF TO AMBIGUOUS INTERPRETATION.

4. "FOR INSTANCE, IT IS POINTED OUT BY KNOWLEDGEABLE CIRCLES THAT THE US AND THE EEC HAD NOT ACCEPTED THE INDIAN DEFINITION OF HANDLOOM GARMENTS ON THE PLEA THAT SEWING MACHINES WERE EMPLOYED IN THEIR MANUFACTURE. ALONG WITH OTHER COUNTRIES, INDIA WOULD RAISE THIS ISSUE AT GENEVA AND MAINTAIN THAT DOMESTIC MARKETS OF THE DEVELOPED COUNTRIES WOULD NOT BE AFFECTED BY INFLUX OF THESE ITEMS.

5. "THIS COUNTRY HAS BEEN AFFECTED GREATLY BY QUOTA RESTRAINTS IMPOSED BY THE US, FRANCE, NORWAY AND SWEDEN AND IT IS EXPECTED THAT DISCUSSIONS WOULD CENTER ROUND TEXTILE EXPORTS TO THESE COUNTRIES.

6. "IN THE CASE OF US, LITTLE ACTION ON THIS QUESTION IS EXPECTED TO BE TAKEN TILL THE PRESIDENTIAL ELECTIONS ARE OVER. THE INTERESTS OF THE TEXTILE OR READY-MADE GARMENTS LOBBY IN THAT COUNTRY WOULD NATURALLY ASSUME GREATER IMPORTANCE THAN EVER IN AN ELECTION YEAR, HOWEVER, IT IS BELIEVED THAT A SYMPATHETIC RESPONSE TO THE PROBLEM HAS BEEN RECEIVED FROM HIGH-LEVEL OFFICIAL CIRCLES IN THAT COUNTRY.

7. "THE MULTI-FIBRES AGREEMENTS WHICH WILL EXPIRE AT THE END  
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OF 1977 HAD ALSO STIPULATED THAT QUOTAS COULD ONLY BE FIXED FOR A FEW CATEGORIES OF GARMENTS, A CONSORTIUM APPROACH IS EXPECTED TO BE TAKEN BY THIS COUNTRY ON THE ISSUE DURING RENEWAL DISCUSSIONS FOR THE NEXT FOUR YEARS.

8 ". AN ENCOURAGING NOTE HAS BEEN SOUNDED BY THE RECENT DECISION BY THE TEXTILE SURVEILLANCE BOARD (TSB) THAT

ITEMS WHICH WERE ALLOWED WITHOUT QUOTA RESTRICTIONS  
PRIOR TO THE BILATERAL TEXTILE AGREEMENT, COULD NOT BE  
BROUGHT UNDER QUOTAS LATER. INDIA HAD ALSO INFORMED  
SOME CUNTRIES WHICH WERE FIXING QUOTAS THAT THE ISSUE WOULD BE  
BROUGHT BEFORE THE TSB. THE DECISIM TAKEN BY THE TSB IN  
FAVOR OF ANOTHER DEVELOPING COUNTRY FACING THE SAME PROBLEMS  
HAS CONSIDERABLE STRENGTHENDED THIS COUNTRY STAND.  
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